

PUBLIC SESSION MINUTES
North Carolina State Board of CPA Examiners
December 19, 2011
1101 Oberlin Road
Raleigh, NC 27605

MEMBERS ATTENDING: Jose R. Rodriguez, CPA, President; Wm. Hunter Cook, CPA, Vice President; Maria M. Lynch, Esq., Secretary-Treasurer; Barton W. Baldwin, CPA; Bucky Glover, CPA; Jordan C. Harris, Jr.; and Michael C. Jordan, CPA.

STAFF ATTENDING: Robert N. Brooks, Executive Director; J. Michael Barham, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

GUESTS: Sharon Bryson, COO, NCACPA; Mark Sotichack, CPA, NCACPA; Jack Stone, CPA, NCACPA; Suzanne Jolicoeur, AICPA; and Curt Lee, Legislative Liaison, NCSA.

CALL TO ORDER: President Rodriguez called the meeting to order at 10:08 a.m.

MINUTES: The minutes of the November 21, 2011, meeting were approved as submitted.

FINANCIAL AND BUDGETARY ITEMS: The November 2011 financial statements were accepted as submitted.

Mr. Cook and Ms. Lynch moved to approve an increase of \$18,500 in the fixed asset budget for upgrades in the information technology systems. Motion passed.

LEGISLATIVE AND RULE-MAKING ITEMS: Messrs. Glover and Cook moved to approve rules 21 NCAC 08G .0409, .0410, and 21 NCAC 08J .0105 (Appendix I) as filed with the Office of Administrative Hearings and as published in the October 17, 2011, issue of the *North Carolina Register*. Motion passed with seven (7) affirmative and zero (0) negative votes.

NATIONAL ORGANIZATION ITEMS: Upon request from Walter C. Davenport, CPA, Messrs. Baldwin and Jordan moved to nominate Mr. Davenport for the position of Vice Chair of NASBA. Motion passed.

REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE: Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

Case No. C2007557 and Case No. C2007597 - Wayne Duckworth, CPA, PA - Approve the signed Consent Order (Appendix II).

Case No. C2011008-1 and Case No. C2011008-2 - Donald E. Drake, CPA and Donald E. Drake, CPA, PC - Approve the signed Consent Order (Appendix III).

Case No. C2011177 - Scott M. Arnold - Approve the signed Consent Order (Appendix IV).

Case No. C2010198 - Close the case without prejudice and with a Letter of Caution.

REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE: Ms. Lynch moved and the Board approved the following recommendations of the Committee:

Reciprocal Certificate Applications - The following were approved:

Latonya Denise Haigler
Jennifer Lee Hodgen

Kelli Rhymer Horton
Bradley N. King

Temporary Permits - The following temporary permits were approved by the Executive Director and ratified by the Board:

Carol Ann Dellapenna T6597
Prudence Vogt Yates T6598
Erin Lee Cunningham T6599
Patricia Jo Baker T6600
Samuel Jude Ilardo T6601
Virginia Baker Saslow T6602
Jennifer Ann Dargel T6603

Jason Michael Gulak T6604
Gregory Stephen Larsen T6605
Brent Douglas Shea T6606
Elizabeth Ann Keller T6607
Yuliya Victorivna Powell T6608
Mindy Distant T6609
Anthony DiSantostefano T6610

Reinstatements - The following were approved:

Jessica Capitaine #34110
Marty Leigh Clyburn #29175
Jamie Michael Coffey #29893

Aletta Marie Lane #29180
Alan Minker #26031
Joanne B. Rees #22206

Reissuance of New Certificate - Applications for reissuance of new certificate submitted by the following were approved.

Thomas John Coughlin #29207
Richard Wayne Goodman #23521

Rachel Elizabeth Mason #35072
Thomas Clinton Shuford #20791

Reissuance of New Certificate and Consent Agreement - An application for reissuance of new certificate and consent agreement submitted by Jeffrey Clarence Hitzke (#21142) was approved.

Firm Registrations - The following professional corporations, professional limited liability companies, and limited liability partnerships were approved by the Executive Director and ratified by the Board:

Jennifer A Caldwell CPA PLLC
Jordan & Jordan, CPAs, CMAs, PLLC
John H. Kelley, CPA, RLLP
J. Lee Martin II, CPA, P.A.
Massey CPA, PLLC

Walter N. Nelson CPA PC
Garrett S. Reese, CPA PC
Snyder, McDonald & Co. LLP
Stroud & Company CPAs, PLLC

Retired Status Applications - The Committee approved the following requests for retired status because the individuals are completely retired and do not receive any earned compensation for current personal services in any job whatsoever:

Geoffrey R. Chatham #20958
David Melville Evans #26429
Judy K. Grubbs #14049

Brenda Bonner Pate #24368
Paul Lee Zink #7800

Letters of Warning - Staff received a CPE audit from Harp Kenth (#25988) which lists 2010 CPE taken between January 1 and June 30, 2011, without an approved extension. Staff recommended a letter of warning for a first offense pursuant to 21 NCAC 08G .0406(b)(1). The Committee approved staff recommendation.

Examinations - The Committee reviewed and approved the following staff-approved applicants to sit for the Uniform CPA Examination:

Nathaniel Adams
Stephen Adams
Joseph Allen
Robert Ambrose
Sally Averett
Stephen Balmer
Tommi Barbour
Jonathan Baxter
John Beasley
John Bernat
Justin Boyd
Bethany Breeden
Kathryne Burns

Elizabeth Byrd
Kimberly Byrd
Mona Campbell-Wilks
Benjamin Campsey
Paul Carson
Simion Cerchez
Leslie Chandler
Ly'Tondra Collins
Clark Colosimo
Jack Coman
Christin Connor
Esperanza Cook
Bryan Cooke

Julie Cooper
Kenneth Cooper
Jonathan Cothran
Matthew Crocker
Cameron Cross
Adam Dailey
Susan Darnell
Lauren Daughtry
Elizabeth Davis
Miloni Dhulia
Matthew Dinkins
Marissa Dotson
Melissa Dougher
Arden Dwyer
Catherine Eastwood
Allison Emery
H'Rin Enger
Enajevwe Eruotor
Paulo Esteves Bonfim
Ashley Farrell
Erica Fianchino
Nicole Fincher
Mary Fischer
Danielle Fisher
Emily Fisher
Olivia Fong
Evelyn Forbes
Shannon Ford
Damien Franklin
Amanda Fugate
Carolyn Fulwider
Darren Galbraith
Charles Gallop
Brittany Garka
Crystal Gay
Robert Gentry
Marco Gianni
Erica Glasgow
Kimberly Golt
Dreania Gregory
Rachel Groce
Maria Guillermo Salinas
Michael Gyoerkoe

Natasha Hall
Elizabeth Hannah
Yashekia Harper
Brian Harrison
Bryan Hatcher
Steven Hay
Robert Heidel, Jr
George Hendrix
Chandler Henry
Martha Hensley
Elizabeth Hernandez-Soriano
Lauren Holt
Tiffany Howard
Brienne Hughes
Abner Hunter, III
Danny Jackson
Margaret James
Magda Jezovicova
Anna Johansson Steele
Alicia-Michelle Johnson
Myra Johnson
Tamara Johnson
Michael Jones
Allison Jordan
Karen Jordan
Alex Kau
Travis Keever
Anna Khlebnikova
Euna Kim
Eunah Kim-Therrell
Allison Klein
Sheree Klepchick
Danielle Kubinski
Christian LeBron
Catharina Lemkes
Fred Lewis, III
Yan Li
Paige Littlejohn
Sahvanna Locklear
Michael Lotterhos
Austin Lowe
Molly Luzader
Judy Mak

Carroll Mann
Layla Manning
Amelia Martin
Denys Marunko
Kevin Maxwell
Erin Mayberry
Lisa McClinton
Christopher McDonald
Dawn Messinger
Michael Miller
Steven Miller
Terry Moore Miller
Priyanka Modi
Eric Mont
April Morris
Mary Morrison
Elizabeth Mower
Clay Nowlin
Phillipp O'Neil
Matthew Ostuni
John Passyn
Komal Patel
Coretta Peel
Jamie Pennell
William Perrault
Charles Phelps
Amanda Pindar
Ralph Polk
Tonya Pope
Sarah Powers
Paige Prusia
Zoya Qureshi
Mark Rackley
Stephanie Ranck
Mitisha Ratliff
Michelle Regnery
Ktura Rendleman
Jared Reynolds
Stacie Rhodes
Evan Rives
Maribeth Roach
Jeremy Roberts
Patti Roebuck

Jennifer Romanski
Jon Rygelski
Raenada Sanders
Marc Setless
Jenna Severt
Teryn Shaw
Stephen Sheller, Jr
John Shields
Abdoulie Sissoho
Stephen Skidmore
Cortney Slater
Robert Sluik
Michelle Smith
Morgan Smith
Rebecca Smith
Robert Smith
Susan Smitherman
Barrett Spearman
Christopher Spivey
Adam Steele
Allison Stevens
Brett Stewart
April Stocks
Joel Stocks
Tomokazu Takahashi
Allison Taylor
Kristen Thompson
Alan Toler
Cathy Traylor
Teresa Turner
Anna Tuttle
Caitlin Upperman
Gautham Venkatasubramanian
Ashley Waid
Christopher Walters
Jennifer Walton
Beibei Wang
Zhenhua Wang
Jason Wellington
Ashley White
Carmen Willard
Carrie Williams
Carly Wilson

Li Xu
Jacquelyn Yellin-Mungo
Margaret Young

Lindsay Zech
Zheng Zhuang

Letters of Warning - Staff received and recommended approval of the request to rescind the letter of warning awarded to Terry D. Smith (#7415). The Committee approved staff recommendation.

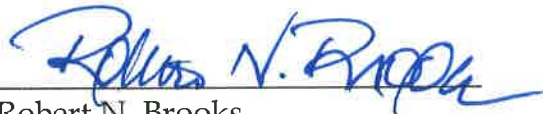
RULE-MAKING HEARING: President Rodriguez called the Rule-Making Hearing to order to take oral and written comments from the public regarding 21 NCAC 08G .0409, .0410, and 21 NCAC 08J .0105 as filed with the Office of Administrative Hearings and as published in the October 17, 2011, issue of the *North Carolina Register*. There was no one present who wished to make oral comments on the rules and no written comments on the rules were received to enter into the public record. The Rule-Making Hearing was closed. The entire Hearing is a matter of public record.

REPORT OF THE PERSONNEL COMMITTEE: Ms. Lynch and Mr. Cook moved to approve the "Use of Computing and Electronic Resources" policy (Appendix V) to be added to the Board's Personnel Manual. Motion passed.

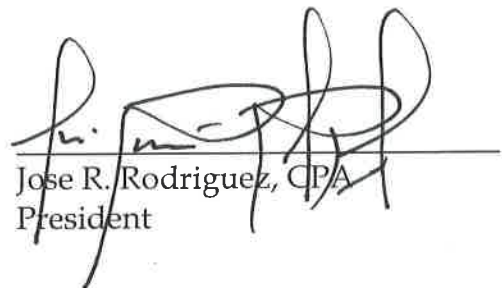
ADJOURNMENT: Messrs. Baldwin and Glover moved to adjourn the meeting at 10:28 a.m. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks
Executive Director



Jose R. Rodriguez, CPA
President

21 NCAC 08G .0409, is amended as published in 26:08, page 697, as follows:

21 NCAC 08G .0409 COMPUTATION OF CPE CREDITS

(a) Group Courses: Non-College. CPE credit for a group course that is not part of a college curriculum shall be given based on contact hours. A contact hour shall be 50 minutes of instruction. One-half credits shall be equal to 25 minutes after the first credit hour has been earned in a formal learning activity. For example, a group course lasting 100 minutes shall be two contact hours and thus two CPE credits. A group course lasting 75 minutes shall be only one and one-half contact hours and thus one and one-half CPE credits. When individual segments of a group course shall be less than 50 minutes, the sum of the individual segments shall be added to determine the number of contact hours. For example, five 30-minute presentations shall be 150 minutes, which shall be three contact hours and three CPE credits. No credit shall be allowed for a segment unless the participant completes the entire segment.

(b) Completing a College Course. CPE credit for completing a college course in the college curriculum shall be granted based on the number of credit hours the college gives the CPA for completing the course. One semester hour of college credit shall be 15 CPE credits; one quarter hour of college credit shall be 10 CPE credits; and one continuing education unit (CEU) shall be 10 CPE credits. However, under no circumstances shall CPE credit be given to a CPA who audits a college course.

(c) Self Study. CPE credit for a self-study course shall be given based on the average number of contact hours needed to complete the course. The average completion time shall be allowed for CPE credit. A sponsor must determine, on the basis of pre-tests, the average number of contact hours it takes to complete a course. ~~CPE credit for self study courses shall be limited so that a CPA completes at least eight hours of non-self study each year.~~

(d) Instructing a CPE Course. CPE credit for teaching or presenting a CPE course for CPAs shall be given based on the number of contact hours spent in preparing and presenting the course. No more than 50 percent of the CPE credits required for a year shall be credits for preparing for and presenting CPE courses. CPE credit for preparing for and presenting a course shall be allowed only once a year for a course presented more than once in the same year by the same CPA.

(e) Authoring a Publication. CPE credit for published articles and books shall be given based on the number of contact hours the CPA spent writing the article or book. No more than 25 percent of a CPA's required CPE credits for a year shall be credits for published articles or books. An article written for a CPA's client or business newsletter is not applicable for this CPE credit.

(f) Instructing a College Course. CPE credit for instructing a graduate level college course shall be given based on the number of credit hours the college gives a student for successfully completing the course, using the calculation set forth in Paragraph (b) of this Rule. Credit shall not be given for instructing an undergraduate level course. In addition, no more than 50 percent of the CPE credits required for a year shall be credits for instructing a college course and, if CPE credit shall also be claimed under Paragraph (d) of this Rule, no more than 50 percent of the CPE credits required for a year shall be credits claimed under

1 Paragraph (d) and this Paragraph. CPE credit for instructing a college course shall be allowed only once for
2 a course presented more than once in the same year by the same CPA.

3

4 *History Note: Authority G.S. 93-12(8b);*

5 *Eff. May 1, 1989;*

6 *Amended Eff. February 1, 2012; January 1, 2007; January 1, 2004; February 1, 1996;*

7 *April 1, 1994; March 1, 1990.*

21 NCAC 08J .0105, is amended as published in 26:08, page 698, as follows:

21 NCAC 08J .0105 RETIRED AND INACTIVE STATUS: CHANGE OF STATUS

(a) A CPA may apply to the Board for change of status to retired status or inactive status provided the CPA meets the description of the appropriate status as defined in 21 NCAC 08A .0301. Application for any status change may be made on the annual certificate renewal form or another form provided by the Board.

(b) A CPA who does not meet the description of inactive or retired as defined in 21 NCAC 08A .0301 may not be or remain on inactive or retired status.

(c) A CPA on retired status may change to active status by:

(1) paying the certificate renewal fee for the license year in which the application for change of status is received;

(2) furnishing the Board with evidence of satisfactory completion of 40 hours of acceptable CPE courses during the 12-month period immediately preceding the application for change of status. Eight of the required hours must be credits derived ~~from non-self study CPE and eight of the required hours must be~~ from a course or examination in North Carolina accountancy statutes and rules (including the Code of Professional Ethics and Conduct contained therein) as set forth in 21 NCAC 08G .0401(a); and

(3) three certificates of moral character and endorsements as to the eligibility signed by CPAs holding valid certificates granted by any state or territory of the United States or the District of Columbia.

(d) A CPA on retired status may request change to inactive status by application to the Board.

(e) Any individual on inactive status may change to active status by complying with the requirements of 21 NCAC 08J .0106(c).

History Note: Authority G.S. 93-12(8); 93-12(8b);

Eff. December 1, 1982;

Curative Adopted Eff. January 25, 1983;

Legislative Objection Lodged Eff. January 31, 1983;

Amended Eff. February 1, 2012; February 1, 2011; August 1, 1998; August 1, 1995;

April 1, 1994; March 1, 1990; May 1, 1989.

21 NCAC 08G .0410, is amended as published in 26:08, page 698, as follows:

21 NCAC 08G .0410 PROFESSIONAL ETHICS AND CONDUCT CPE

(a) As part of the annual CPE requirement, all active CPAs shall complete CPE on professional ethics and ~~conduct as set out in 21 NCAC 08N, conduct.~~ They shall complete either two hours in a group study format or ~~four hours~~ in a self-study ~~format.~~ format of a course on regulatory or behavioral professional ethics and conduct. ~~These courses shall be approved by the Board pursuant to 21 NCAC 08G .0400.~~ This CPE shall be offered by a CPE sponsor registered with the ~~Board~~ Board, or with NASBA pursuant to 21 NCAC 08G .0403(a) or (b).

(b) A non-resident licensee whose primary office is in North Carolina must comply with Paragraph (a) of this Rule. All other non-resident licensees may satisfy Paragraph (a) of this Rule by completing the ethics requirements in the jurisdiction in which he or she is licensed as a CPA and works or resides. If there is no ethics CPE requirement in the jurisdiction where he or she is licensed and currently works or resides, he or she must comply with Paragraph (a) of this Rule.

History Note: Authority G.S. 93-12(8b);

Eff. January 1, 2005;

Amended Eff. February 1, 2012; January 1, 2007; January 1, 2006.

NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s: C2007557 and C2007597

IN THE MATTER OF:
Wayne Duckworth CPA, P.A., #30644
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

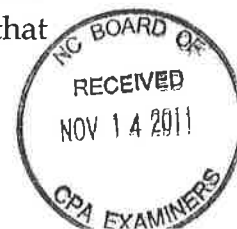
1. Wayne Duckworth CPA, P.A. ("Respondent") is a registered firm in the State of North Carolina having Board registration number 30644.
2. The Board received information that an arbitrator had found that Respondent had not timely responded to its client's demand for return of client records.
3. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes. Per N.C. Gen. Stat. § 93-12(9), and also by virtue of the Respondent's consent, the Board has the authority to impose discipline upon the Respondent and to impose a civil monetary penalty.
2. Failure to promptly return client records is a potential violation of 21 NCAC 08N .0305(a).

BASED on the foregoing, the Board and Respondent agree to the following Order:

1. Respondent's actions do not rise to the level of a violation of Rule 21 NCAC 08N .0305(a), but Respondent's actions are sufficient to warrant a caution that



Respondent act with diligence when responding to a client's requests for records.

2. Respondent agrees to pay a one thousand dollar (\$1,000.00) civil monetary penalty.

CONSENTED TO THIS THE 9TH DAY OF NOVEMBER, 2011.

Wayne Duckworth, CPA, P.A.
Wayne Duckworth CPA, P.A.

By: J. Wayne Duckworth

Its: PRESIDENT

APPROVED BY THE BOARD THIS THE 19 DAY OF DECEMBER, 2011.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President



NORTH CAROLINA
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #s: C2011008-1 and C2011008-2

IN THE MATTER OF:
Donald E. Drake, 28635
Donald E. Drake, CPA, P.C.
Respondents

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners (Board) at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to Statute N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent Donald E. Drake (hereinafter "Respondent Drake") is the holder of North Carolina certificate number 28635 as a Certified Public Accountant.
2. Respondent Donald E. Drake, CPA, P.C. (hereinafter "Respondent Firm") is a registered certified public accounting corporation in North Carolina. At all relevant times, Respondent Drake was the sole shareholder of Respondent Firm, and has been individually responsible for the conduct of Respondent Firm.
3. Respondent Drake failed to register Respondent Firm for a peer review program, even though Respondent Firm was providing clients with review services.
4. Respondent Drake through Respondent Firm failed to comply with standards regarding the working papers and review reports for the clients to whom Respondent Firm was providing review services.
5. Respondents wish to resolve this matter by consent and agree that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.



BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondents' actions as set out above constitute violations of N.C. Gen. Stat. § 93-12(8c) and 21 NCAC 08M .0105, 08N .0201, .0209, .0212, .0213, and .0404.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondents' consent to this order, Respondents are subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings under N. C. Gen. Stat. §§ 150B-38 *et seq.*, the Board and Respondents agree to the following Order:

1. Respondent Drake shall obtain pre-issuance reviews of the working papers of all audit, review, agreed-upon procedure, and/or compilation engagements performed by Respondent Drake or Respondent Firm until such time as the Board considers such pre-issuance reviews to no longer be necessary. The pre-issuance reviewer shall be approved by the Board prior to performing said reviews. Respondents shall authorize and cause the pre-issuance reviewer to provide the Board with a copy of each pre-issuance review report upon its issuance.
2. Respondent Drake shall, in addition to all regular CPE requirements, take an additional sixteen (16) hours of CPE in a group study format. Eight (8) of those hours shall relate to compilations, the other eight (8) of those hours shall relate to reviews. The additional CPE requirements must be completed prior to Respondent Drake's certificate renewal for the 2012-2013 license year.



Consent Order - 3
Donald E. Drake
Donald E. Drake, CPA, P.C.

3. Respondent Firm shall reimburse the Board for its administrative costs incurred as a result of monitoring Respondents' compliance with the pre-issuance review requirements.

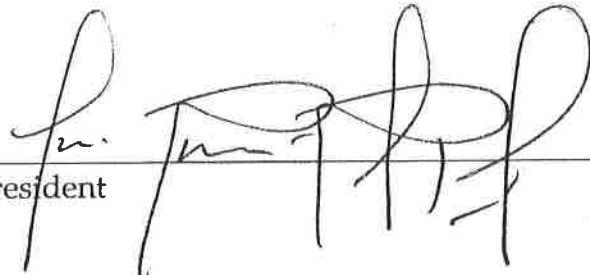
CONSENTED TO THIS THE 14th DAY OF November, 2011.


Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF DECEMBER, 2011.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: 
President



NORTH CAROLINA
WAKE COUNTY

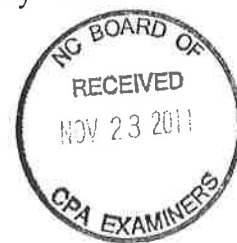
BEFORE THE NORTH CAROLINA STATE BOARD OF
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS
CASE #: C2011177

IN THE MATTER OF:
Scott M. Arnold, #22547
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners (Board) at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent is the holder of North Carolina certificate number 22547 as a Certified Public Accountant.
2. Respondent informed the Board on his 2010-11 individual certificate renewal (renewal) that he had obtained thirty-three (33) hours of continuing professional education (CPE) including nine (9) hours of carryforward, had completed the annual ethics CPE course, and had completed at least eight (8) hours of non-self-study CPE to meet the 2009 CPE requirement.
3. Based on Respondent's representation, the Board accepted his renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2009 CPE requirement.
5. Respondent provided the CPE certificates of completion to the Board as requested. However, Respondent could only provide the certificate or certificates of completion needed to document seventeen (17) hours of CPE that Respondent claimed he earned between January 1, 2009, and June 30, 2010, as was reported on his renewal.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

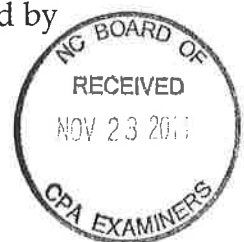


BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), .0202(b)(4), and .0203(b)(1).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's application for renewal is deemed insufficient and untimely under N.C. Gen. Stat. § 150B-3(a). Hence, his certificate is automatically forfeited pursuant to N.C. Gen. Stat. § 93-12(8b).
2. Respondent must return his certificate to the Board with this signed Consent Order.
3. Respondent may not apply for the reissuance of his certificate for at least one (1) year from the date the Board receives Respondent's forfeited certificate and until the civil penalty required in number five (5) of this Order has been paid by Respondent.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
 - a. Application form,
 - b. Payment of the application fee,
 - c. Three (3) moral character affidavits, and
 - d. Fifty-four (54) hours of CPE, of which fourteen (14) of these hours shall be in the group-study format, in the twelve (12) months preceding the application including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs in a group study format.
5. Respondent shall pay a one thousand (\$1,000.00) civil penalty to be remitted to the Board within six (6) months of the date this signed Order is accepted by the Board.



Consent Order - 3
Scott M. Arnold

6. Respondent agrees that failure to timely comply with any terms of this agreement and consent order shall be deemed sufficient grounds for revocation of his license.

CONSENTED TO THIS THE 22 DAY OF November, 2011.

[Signature]
Respondent

APPROVED BY THE BOARD THIS THE 19 DAY OF DECEMBER, 2011.

NORTH CAROLINA STATE BOARD OF CERTIFIED
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]
President



Use of Computing and Electronic Resources

The use of all equipment that is owned or leased by the Board and governs business and personal activity as well as all communications to and from the Board at all times is covered in this section.

There should be no expectation of privacy in the material sent or received when using the Board network, computer systems, or third-party vendor applications provided by the Board. For security, legal or policy compliance, quality of service, and network maintenance purposes, authorized individuals as designated by the Board may monitor equipment, systems, and network traffic.

Employees are responsible for exercising good judgment regarding the use of technology and information systems. Business and personal use of these systems is permitted, so long as

- The use is lawful under federal or State law.
- The use complies with applicable Board policies and guidelines.
- The use is not prohibited by State of North Carolina or Board policies including rules regarding harassment (including sexual harassment), and discrimination on the basis of any federally protected characteristic or sexual orientation.
- The use does not result in commercial gain or private profit
- The use does not violate federal or State laws or Board policies on copyright, trademark, or software licensing.
- The use does not intentionally or unintentionally overload Board computing equipment or systems, or otherwise harm or negatively impact the system's performance or the support of such systems.
- Communications originating from the user are identified as such and the user assumes responsibility for all communication originating from equipment or accounts assigned to that user. In the case of security breaches related to accounts or equipment belonging to the user, the user acts quickly to report and correct the situation.
- The use does not attempt to circumvent system security or in any way attempt to gain or provide unauthorized system or network access.
- All resources and data accessed are protected by the user according to the standards set forth by the *State of North Carolina Statewide Information Security Manual*.
- The use does not include access to material that the Board, at its discretion, deems to be unlawful, obscene, objectionable, derogatory, inflammatory, abusive, threatening, fraudulent, defamatory, or hateful.

The following activities are strictly prohibited, with no exceptions:

- Forwarding restricted Board email to unauthorized recipients.

- Sending unsolicited mass email messages without proper authorization, posting unsolicited and inappropriate list/web/newsgroup messages, including the sending of "spam" (junk email) or other commercial advertising material to individuals.
- Any form of harassment via means such as email, instant messaging, telephone or paging, whether through language, frequency, or size of messages.
- Unauthorized use/deliberate disguising of the sender or forging of email header information. Alteration of content of an email message originating from another sender with intent to deceive.
- Hosting an email transport/relay service outside of supported and authorized ITS systems.
- Solicitation of email for any other email address, other than that of the poster's account, with the intent to harass or otherwise misuse email resources.
- Creating or forwarding "chain letters" or "pyramid schemes" prohibited by law.
- Activities in violation of the Board's *Record Retention Policy*.

Board employees are allowed to have personal social networking/media accounts provided that such accounts do not blur the personal and professional lives of the employee. If an employee of the Board has a social networking/media account, he or she must ensure that each account remains personal in nature and is used to share personal opinions and non-work related information. This helps ensure a distinction between sharing personal and Board views.

In addition, a Board employee should not use his or Board email account or password in conjunction with a personal social networking/media site. During normal business hours, an employee may use personal social networking/media for limited personal communications so long as those communications do not interfere with the employee's work. Employees are discouraged from posting comments especially derogatory in nature or other material on social networking/media sites that include references to activities of the Board if the employee's profile/account identifies the individual as an employee of the Board.

Any violation of this policy is "misconduct" or "unacceptable personal conduct" and appropriate action may be taken by the Board.